

Exhibit J

Ingram, John

From: Ocasio, Alvaro
Sent: Monday, May 21, 2007 10:37 AM
To: Maryska, Pavel
Cc: Peeler, Leslie A; Vann, Lena; Ingram, John; Vignato, Robert A; Krake, Susan J
Subject: CHL Due Diligence - Subprime Lender Approval Request

All--

Below is the preliminary DD report from Clayton as of last Thursday, May 17th, for the subprime lender approval due diligence. We expect an updated report tomorrow morning illustrating the due diligence firm's progress in clearing several loans based on follow-up documents provided by CHL. The following table provides overview of findings and proposed next steps (refer to DD reports for detail).

Due Diligence & Internal Concerns	Next Steps
<ul style="list-style-type: none"> ▪ Initial prelim DD findings show <ul style="list-style-type: none"> ○ High percentage (23.41%) of credit violations --our target is 10%. ○ High percentage(18.79%) of predatory—our target is 5%. 	<ul style="list-style-type: none"> ▪ Monitor DD reports for clearing of issues. ▪ Schedule meeting with CHL, Legal, Account Team, and Subprime to discuss initial Predatory findings and resolution. <ul style="list-style-type: none"> ➢ Determine impact on CHL 17798 in-house
<ul style="list-style-type: none"> • Legal indicated that loans with High Cost violations in approval diligence sample pool be removed from in-house pool. • CHL's automated underwriting (CLUES) leading to EV3 credit findings due to DTI and LTV/CLTV exceptions. 	<ul style="list-style-type: none"> • Loans in approval diligence sample were securitized and would not be present in current deal CHL 17798 in-house. • Deeper review into supporting documentation and compensating factors.

DD SUMMARY REPORT

Target Completion Date: May 17th, 2007 - UW and QC are expected to be completed. Steering analysis may be delayed due to difficulty in obtaining required historical rates sheets. CHL is providing conditions for issues which may roll into the week of May 21st due to the amount of findings.

346 Loans underwritten - 99% complete

4 loans missing or incomplete - trying to locate

Most loans have been QC'd by Clayton - 2nd stage review - completion is expected by close of business May 17th, 2007.

146 loans have been rated level 3 by the DD firm - 42.20%

CREDIT AND UNDERWRITING

81 loans had Event Level 3 credit findings - Within the 81 loans, there were 124 findings - **1 Loan many have multiple findings**

Details below:

30% - Missing Docs or Incomplete Docs

25% - VOM/VOR missing or illegible

20% - Natural Disaster Area - No subsequent inspection (individual)

7% - Assets are not sufficient to close

5/22/2007

18% - Other - to include DTI exception, LTV exception, guideline exceptions and value exceptions

In addition, Clayton Identified Event Level 2 exceptions as noted below:

20% - LTV exception less than 5% (noted as level 2 exception)

10% - Less than 12 month mortgage history (noted as level 2 exception)

Total - 81 loans or 23.41% - our target is 10% or less

PREDATORY AND COMPLIANCE

57 loans had EV3 Compliance findings - missing HUD-1's and TIL's, Finance Charges under disclosed, Right to Cancel issues, APR calculations

4 loans had EV3 Fannie Mae findings - Points and Fees (5%) violations

4 loans were High Cost State violations - 1 GA, 2 NJ, 1 TN (note: a RI loan was identified with a missing disclosure which could become a High Cost finding.)

0 loans were HOEPA or HUD HOEPA violations

Total - 65 loans or 18.79% - our target is 5% or less

Comments from DD firm: CHL has begun to provide missing docs to clear issues. We expect an updated report tomorrow late morning. The targeted completion date is May 17th, however, the steering analysis has not been completed and CHL indicated it would take several days to provide the appropriate rates sheets to perform the analysis. As of this report CHL has located 20 rate sheets and are compiling the remaining 15 rate sheets for analysis.

DD Manager Comments: Several loans received EV3 credit level findings due to the use CHL's automated UW system referred to as CLUES. These findings include the majority of the DTI and LTV/CLTV exceptions. This will need to be discussed with the Subprime Team to determine if the CLUES approvals will be included in the guideline rep and warrants. In addition, the Legal team has indicated that they may require the additional loans from the 4 identified high cost state violations be pulled for DD. DD manager to follow-up with Legal on final decision. Legal also commented on the new bid tape in-house and that there should be an analysis to determine if any of the loans within the final "kick outs" be removed from the new pool to avoid duplication of efforts and cost. The findings percentage is high for both credit and underwriting as well as for the predatory and compliance analysis. Although these percentages may appear alarming, it may be prudent to complete the process to determine final numbers prior to forming any opinions or recommendations.

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